



Government of
Saskatchewan

Annual Report 1985-86

**Saskatchewan
Legislative Assembly
Members
Superannuation Fund**

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His Honour F. W. Johnson
Lieutenant Governor
Province of Saskatchewan

Sir:

I have the honour to transmit herewith the Annual Report of the Members of the Legislative Assembly Superannuation Fund for the year ending March 31, 1986.

I have the honour to be, Sir

Your Obedient Servant

Eric Berntson
Minister in Charge

Background

The Members of the Legislative Assembly Superannuation Fund was created to provide a pension to individuals who are elected and provide service to the Province of Saskatchewan as Members of the Legislative Assembly.

The Fund is comprised of two pension plans: a unit benefit (formula) plan for members who were first elected prior to April 1, 1979, and a money purchase plan for those members first elected on or after April 1, 1979.

Members of the unit benefit plan may elect to transfer to the money purchase plan at any time prior to the expiration of the thirtieth day after the last return of the writ of election in the general election following the date on which they ceased to be members.

Operation of the Fund

The Fund is credited with contributions and interest paid by members and former members, interest earned and any other revenue accruing from the investment of monies in the fund and such amounts paid by the Minister of Finance as may be required to make it possible at all times to pay the allowances granted pursuant to The Members of the Legislative Assembly Superannuation Act. Payments are made out of the fund for pensions, annuities, supplementary allowances and refunds of contributions. As a matter of course, the acquisition and disposition of the various assets of the Fund results in the payment of monies out of and receipt of monies into the Fund.

Contributions

Members are required to contribute 9% of their indemnity, sessional and expense allowances to the Fund; as well, members with additional responsibilities contribute 9% of their additional allowance. The Minister of Finance matches the members' contributions and is required by the Act to make certain additional contributions to the Fund.

Contributions by members for the year ended March 31, 1986 totaled \$270,643.

In 1985-86 twenty-one members contributed to the unit benefit plan and forty-three members contributed to the money purchase plan.

Pensions

The Fund paid pensions to 100 former members and spouses of former members throughout the year. Pensions to these individuals were based on a formula which included years of service and an average salary figure for some portion of that service. It may also have included a supplementary allowance paid in accordance with the Act. Pensions for the year totaled \$1,233,023.

Investments

During the year, the Investment and Financial Services Division of Saskatchewan Finance invested the monies of the Fund at no cost to the Fund. Investment policy directs that the assets of the Fund shall be long-term, high-quality investments yielding the best possible return with minimum risk. The value of the investments (at cost) at March 31, 1986 was \$2,737,339.

Administration

In accordance with subsection 3(6) of the Act, the necessary expenses of administering the Fund for 1985-86 were paid out of the Consolidated Fund.

Administration of the plans is presently assigned to the Public Employees Benefits Agency of the Department of Finance.

**Members of the
Legislative Assembly
Superannuation Fund**

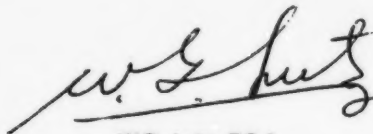
**Financial Statements
for the Year Ended March 31, 1986**

Auditor's Report

To the Members of the Legislative Assembly of
Saskatchewan

I have examined the balance sheet of the Members of the Legislative Assembly Superannuation Fund as at March 31, 1986 and the statements of revenue, expenditure and fund equity and changes in cash resources for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A handwritten signature in dark ink, appearing to read 'W.G. Lutz', is written over a horizontal line.

Regina, Saskatchewan,
June 24, 1988

W.G. Lutz, F.C.A.,
Provincial Auditor

Members of the Legislative Assembly Superannuation Fund

Balance Sheet as at March 31

Statement 1

	1986	1985
Assets		
Cash	\$ 14,285	\$ —
Members' contributions receivable	61,230	6,175
Minister of Finance contributions receivable (Note 8)	160,638	65,696
Accounts receivable	—	1,320
Accrued interest receivable	85,128	106,363
Investments (Note 1) (Schedule 1)	2,737,339	2,637,615
(Market value 1986 - \$3,168,200; 1985- \$2,739,219)		
	\$3,058,620	\$2,817,169
Liabilities and Fund Equity		
Bank overdraft	\$ —	\$ 3,614
Allowances payable	—	16,868
Accounts payable	4,204	—
Fund equity, Unit Benefit Plan (Statement 2, Note 4, 8)	561,941	1,009,438
Fund equity, Money Purchase Plan (Statement 2, Note 6, 8)	2,492,475	1,787,249
	\$3,058,620	\$2,817,169

(See accompanying notes to the financial statements)

Members of the Legislative Assembly Superannuation Fund

Statement of Revenue, Expenditure and Fund Equity Year Ended March 31

Statement 2

	1986			1985
	Unit Benefit Plan	Money Purchase Plan	Total	Total
Revenue:				
Contributions by Members of the Legislative Assembly	\$ 91,120	\$ 179,523	\$ 270,643	\$ 274,876
Contributions by the Minister of Finance	585,319	205,355	790,674	804,170
Investment income	70,555	240,552	311,107	315,575
Gain on investment disposals	36,428	81,900	118,328	3,187
	<u>783,422</u>	<u>707,330</u>	<u>1,490,752</u>	<u>1,397,808</u>
Expenditure:				
Annual allowance	1,230,919	2,104	1,233,023	1,210,388
Excess/(Deficiency) of revenue over expenditure	(447,497)	705,226	257,729	187,420
Fund equity - beginning of year, as previously reported	1,051,766	1,750,914	2,802,680	2,615,260
Adjustment for the correction of an error (Note 8)	(42,328)	36,335	(5,993)	(5,993)
As restated	<u>1,009,438</u>	<u>1,787,249</u>	<u>2,796,687</u>	<u>2,609,267</u>
Fund equity - end of year	<u>\$ 561,941</u>	<u>\$2,492,475</u>	<u>\$3,054,416</u>	<u>\$2,796,687</u>

(See accompanying notes to the financial statements)

Members of the Legislative Assembly Superannuation Fund

Statement of Changes in Cash Resources Year Ended March 31

Statement 3

	1986	1985
Source of Cash:		
Operations:		
Contributions by Members of the Legislative Assembly	\$ 215,590	\$ 274,695
Contributions by the Minister of Finance	695,731	797,570
Investment income	332,342	311,562
Other income	1,320	—
	1,244,983	1,383,827
Investing Activities:		
Proceeds from sale of investments	2,855,519	3,842,285
	4,100,502	5,226,112
Application of Cash:		
Operations:		
Annual Allowances	1,245,688	1,194,840
Investing Activities:		
Purchase of investments	2,836,915	4,039,854
	4,082,603	5,234,694
Increase/(Decrease) in cash	17,899	(8,582)
(Overdraft)/Cash balance, beginning of year	(3,614)	4,968
Cash balance/(Overdraft), end of year-to Statement 1	\$ 14,285	\$ (3,614)

(See accompanying notes to the financial statements)

Members of the Legislative Assembly Superannuation Fund

Schedule of Investment Transactions

Schedule 1

Year Ended March 31, 1986

(Provided in accordance with the provisions of Section 42 of The Members of the Legislative Assembly Superannuation Act)

	Balance March 31/85	Acquisitions	Dispositions	Balance March 31/86
Investments at Cost				
Bonds and Debentures:				
Government of Canada	\$ 148,876	\$ —	\$ —	\$ 148,876
Government of Saskatchewan	1,945,060	—	726,219	1,218,841
Government of Quebec	4,975	—	—	4,975
Ontario Hydro	—	915,400	—	915,400
Saskatchewan Union Hospitals	30,440	—	19,710	10,730
Convertible Debentures	281,000	—	—	281,000
Total Long Term Investments	2,410,351	915,400	745,929	2,579,822
Short Term Investments	227,264	1,921,516	1,991,263	157,517
Total Investments	\$2,637,615	\$2,836,916	\$2,737,192	\$2,737,339

Members of The Legislative Assembly Superannuation Fund

Notes to Financial Statements

March 31, 1986

1. Significant Accounting Policies

a) Investments

The Fund records all investment transactions at cost. Any difference between cost and par value is not amortized. Gains and losses are fully recognized in the year of disposal.

b) Allocation of Income

Investment income is allocated to the Money Purchase Plan based on a calculated, annualized average yield rate multiplied by the members' average equity balance for the year. The average yield rate is based on all investments purchased since April 1, 1979. Gains and losses on all long term investment disposals since 1979 are included in the calculation of the average yield rate prior to the earnings allocation to the member's average equity balance.

2. Authority

The Superannuation Fund operates under the authority of The Members of the Legislative Assembly Superannuation Act 1979 for the purpose of providing a pension to individuals who are elected and provide service to the Province of Saskatchewan as Members of the Legislative Assembly.

3. Statutory Reporting Requirements

In accordance with Section 42 of The Members of the Legislative Assembly Superannuation Act, 1979 the following information is provided:

	1986	1985
Contributors to the Fund		
Unit Benefit Plan	21	22
Money Purchase Plan	43	43

During the year 100 superannuates received allowances (1984/85 - 101).

4. Actuarial Valuation Unit Benefit Plan

The last actuarial valuation of the fund as at March 31, 1986 determined that there was an unfunded liability of \$15,695,805 for service to the valuation date.

Legislation provides for the Minister of Finance to pay to the Fund an amount equal to contributions of the members, an annual payment of \$500,000, and any further amounts that may be appropriated by the Legislature for the purpose of the Act.

5. Subsequent Event

Legislation was assented to on November 6, 1987 which amended the funding of the Members of the Legislative Assembly Unit Benefit Plan. The Members of the Legislative Assembly Superannuation Amendment Act, 1987 provides that the Minister of Finance may make payments into the fund as follows:

"any amount that may be required from time to time to make it possible at all times to pay the allowances granted pursuant to this Act."

The legislation is retroactive to September 1, 1987.

6. Money Purchase Plan

Legislation was assented to in 1979 which continued the "unit benefit" superannuation plan (Part II of the Act) and established a new "money purchase plan" (Part III of the Act) for the members. Members elected after April 1, 1979 contribute to the "money purchase plan". Legislation was assented to in 1980 which permits members defeated in a general election the option to transfer to the "money purchase plan" before the expiration of the thirtieth day after the last return to the writ of election. During the year ended March 31, 1986, no members were eligible to transfer to the "money purchase plan" (1984/85 - no members transferred).

7. Related Party Transactions

In accordance with Section 3(6) of The Members of the Legislative Assembly Superannuation Act, 1979 the necessary expenses of administering the fund are paid out of the consolidated fund of the Province of Saskatchewan. Accordingly, no provision for these costs is included in these financial statements.

8. Correction of an Error - Prior Year's

Several errors relating to the 1982-83 fiscal year end were detected during the annual review of the accounts. Of the total adjustments required for each of the two pension plans, \$40,100 represented reclassification errors between the funds. The residual adjustment of \$5,993 represents the correction of a 1985 duplicate billing of the Minister of Finance matching contributions. This amount was subsequently repaid in the 1988 year. All necessary corrections affected the general ledger accounts only and therefore, there was no impact on the individual member accounts.